

**Managed Risk Medical Insurance Board
August 25, 2004, Meeting**

Board Members Present: Cliff Allenby, Richard Figueroa, Virginia Gotlieb, M.P.H.,

Ex Officio Members Present: Jack Campana, Ed Mendoza, David Topp.,

Staff Present: Lesley Cummings, Joyce Iseri, Laura Rosenthal, Irma Michel, Tom Williams, Stuart Busby, Glenn Hair, Ernesto Sanchez.,

Chairman Allenby called the meeting to order and recessed it for executive session. At the conclusion of executive session, the meeting was reconvened.

REVIEW AND APPROVAL OF MINUTES OF JUNE 16, 2004, MEETING

A motion was made and unanimously passed to approve the minutes of the June 16, 2004, meeting.

STATE BUDGET UPDATE

Glenn Hair reported on the final Budget Act as it affects MRMIB noting changes that had occurred since the budget report at the June 16 meeting. Specifically, the legislature had since adopted the administration's proposal to raise subscriber premiums by \$6 for HFP children in families at 200% or more of the FPL effective July 1, 2005.

In summary, the final budget fully funds HFP, the County Health Initiative (CHIM) (including an authorization to fund positions at MRMIB to manage CHIM), AIM, and MRMIP. The support budget provides for a new full time staff member to coordinate MRMIB's implementation of HIPAA. It was noted that MRMIB's support budget is less than one percent of its total budget, compared to six to nine percent in similar departments. Chairman Allenby asked if there were any questions or public comment; there was none.

CALIFORNIA PERFORMANCE REVIEW RECOMMENDATIONS

Chairman Allenby introduced Joe Munso, who, at the request of Secretary Belshé, is heading up the California Health and Human Services Agency review of the California Performance Review (CPR) recommendations for health and human services. Mr. Munso then introduced Bob Serdich, who was the co-chair of the CPR health and human services team. Mr. Serdich said over 250 state workers were on the CPR team, 20 of whom did the HHSA review.

Mr. Serdich reviewed the CPR's guiding principles and noted that the report had 300 recommendations for improving the performance of California state government (108 in the health and human services area). He then reviewed some of the major recommendations in the health and human services area, noting particularly recommendations to realign state and local government responsibilities, re-design eligibility for Medi-Cal, TANF and food stamps, and re-thinking of California's approach to children's services.

He then went on to discuss CPR suggestions for reorganizing departmental responsibilities in the health and human services area. He specifically mentioned the CPR suggestions to establish a department of health purchasing which would include the programs presently administered by MRMIB. MRMIB itself is one of a number of boards/commissions proposed for elimination.

Mr. Serdich noted that the recommendations of CPR were under review by the Schwarzenegger administration.

The CPR Commission is conducting hearings throughout the state to allow for public feedback on the CPR recommendations. The hearing concerning health and human services was held last Friday in San Diego. Mr. Figueroa asked whether there was still an opportunity to comment on health and human services issues. Mr. Serdich said this was possible until the hearing process is done. Chairman Allenby urged that comments to the Commission be made in writing. Ms. Gotlieb asked for more detail about the interface between county and state. Mr. Serdich replied that the recommendations called for establishing a work group on the issue. Chairman Allenby noted it is a very complex issue.

Mr. Munso added that each agency has been asked to review the report and provide feedback to the Governor, and then addressed the process CHHS is using to evaluate the CPR recommendations. The Secretary's view is that the existing structure for delivering health and human services is fragmented and definitely not ideal. CPR's call for restructuring represents an opportunity to improve the structure. Secretary Belshé asked each HHSA department to study the CPR's recommendations and make its recommendations for improvements (which may or may not be the same as the CPR). She established work groups and picked leaders from outside the agency so the group's review would be independent. Mr. Munso reviewed each work group and noted that Cliff Allenby is chair of the work group reviewing the proposal to establish a health care purchasing department. He enumerated some of the issues Secretary Belshé asked the work groups to address. She also asked for feedback from stakeholders, sending out almost 100 surveys. Survey responses, in addition to individual employee input, will be provided to the work groups. Once the work group analyses are completed (in September), their recommendations and analyses will be provided to directors in the Agency. The first draft of Agency's suggestions to the Governor is scheduled to come out towards the end of September.

Mr. Figueroa expressed concern about the dismantling of the Board, noting that it has served as an incubator for any number of innovative approaches to health care coverage. Ms. Gotlieb expressed concern about the balance between consolidating and integrating functions versus mechanisms for maintaining public transparency and accountability, noting that there are different issues with the various programs. Mr. Munso agreed it is a difficult issue. Coming from a board setting himself, he sees the need to provide a public setting for constituency concerns, and Secretary Belshé is very aware of that. They are looking at ways of taking advantage of effective operating mechanisms while at the same time keeping an open government providing for public input. The Board expressed its appreciation for being given a comprehensive review of the CPR and thanked Mr. Serdich and Mr. Munso for their time. Chairman Allenby asked if there were any further questions or public comment.

Angela Gilliard, Legislative Advocate at the Western Center on Law & Poverty, provided the Board with a copy of their review of the CPR. She said they feel they have a good working relationship with MRMIB and are concerned that the elimination of the Board would negatively affect the advocates' ability to work with high level staff. They believe the recommendations create even more of a bureaucracy. Ms. Gilliard also expressed frustration about the limited opportunity for advocate input on the CPR recommendations, noting that the hearing in San Diego provided only five minutes for their comments, which was far less than needed to cover their issues. She hopes that stakeholder input will be more interactive than it has been so far, and asked that Agency be encouraged to include stakeholders more.

Chairman Allenby thanked her for her comments.

[Note: this item taken out of sequence to accommodate the schedules of Mr. Serdich and Mr. Munso.]

LEGISLATIVE UPDATE

State Bill Summary

Lesley Cummings commended Dennis Gilliam for temporarily taking over the responsibilities of the Legislative Coordinator upon Teresa Smanio's departure. Chairman Allenby acknowledged Mr. Gilliam for serving in a wide variety of functions for MRMIB for many years.

Mr. Gilliam reviewed some of the bills staff is currently tracking which impact MRMIB. AB 79 (Dutra), enrolled August 18, 2004, suspends MRMIB's requirement to submit written reports to the Governor or Legislature until January 2008, with the exception of the annual Title XXI federal report.

AB 343 (Chan), sponsored by MRMIB, now signed by the Governor, clarifies that application assistance is free of charge and carries a \$500 civil penalty for those who charge for the service.

AB 1596 (Frommer), signed and chaptered, requires health plans to maintain by way of a link on the DMHC web site a downloadable matrix providing comparison of prices and benefits to assist consumers in choosing coverage pursuant to AB 1401.

Assemblywoman Cohn, the author of AB 1927, which was pulled in June, asked the Joint Legislative Audit Committee (JLAC) to review MRMIB's process in selecting vision care plans. The request failed at a hearing held by JLAC, but could possibly be reconsidered at a future hearing.

The referendum concerning SB 2 (Burton/Speier) will appear on the November ballot as Proposition 72.

The material formerly contained in SB 142 (Alpert) was moved to the Health Trailer Bill, which was signed. Instead of providing for genetic testing of newborns, SB 142 now provides for amendments to expand genetic testing already covered in law during the fiscal year, then requires DHS to provide genetic screening of newborns by August 2005.

SB 1196 (Cedillo), which was amended to conform with MRMIB recommendations, was enrolled and is on the Governor's desk. The bill requires that counties forward the National School Lunch express lane eligibility applications to HFP or other suitable health insurance programs, so long as the parents consent, if the child is ineligible for Medi-Cal.

Chairman Allenby asked if there were any questions or public comment; there were none.

INTERAGENCY AGREEMENT WITH THE STATE PERSONNEL BOARD FOR ACCESS TO CERTIFICATION AND EXAMINATION SERVICES

A motion was made and unanimously passed to approve the resolution included with interagency agreement with the State Personnel Board for the purpose of providing on-line certification and examination system services to MRMIB in an estimated amount of \$15,000 from July 1, 2004, to June 30, 2007.

INTERAGENCY AGREEMENT WITH CALIFORNIA OFFICE OF HIPAA IMPLEMENTATION

A motion was made and unanimously passed to approve the resolution included with the interagency agreement with California Office of HIPAA Implementation for the purpose

of providing HIPAA implementation funding to MRMIB in an amount to be determined from September 1, 2004, to June 30, 2005.

HEALTHY FAMILIES PROGRAM (HFP) UPDATE

Before going on to the HFP update, Chairman Allenby presented Irma Michel with a memento in honor of her retirement from the position of Deputy Director of Eligibility, Enrollment and Marketing. Ms. Michel has worked for the State for 27 years. She joined MRMIB shortly after it was formed 13 years ago. Each of the members of the Board acknowledged Ms. Michel for her numerous and impressive accomplishments, and especially for the caring, stellar manner in which she served the beneficiaries of programs MRMIB administers.

Enrollment and Single Point of Entry (SPE)

Ernesto Sanchez reported that there were 679,643 children enrolled in HFP as of July 31, and that 36,721 children were enrolled during July. He reviewed the enrollment data regarding ethnicity, gender, the top five counties in enrollment, and the SPE statistics, including the breakdown of applications processed with and without assistance (14.5% and 85.5%, respectively).

Administrative Vendor Performance Report

Mr. Sanchez presented the administrative vendor (AV) performance report for June and July. MAXIMUS is currently the AV for HFP and SPE. In July, for the first time since taking over the contract in January, MAXIMUS met all seven performance standards for HFP, and all four performance standards for the SPE. He noted that MAXIMUS worked very hard to achieve these standards since becoming the AV eight months ago. Chairman Allenby asked if there were any questions or public comment.

Leona Butler, Chief Executive Officer of the Santa Clara Family Health Plan (SCFHP), first acknowledged Irma Michel. She then commented that, while SCHFP appreciates the difficulties attendant in a transition, its experience of the vendor's performance is markedly different from what the performance report states. As much as it might be desirable to see the recommendations of the California Performance Review concerning efficient and economical processing of applications become a reality, it does not seem advisable given the problems they are experiencing.

Ms. Butler emphasized that the problems are not particular to SCFHP but are occurring on a wider scale. She submitted a report to the Board that she said would provide examples of application and enrollment problems being experienced by SCFHP. These problems include: taking too long to process applications, not getting renewal materials

to members in a timely fashion, losing Health-e-App applications, and failure to accurately reconcile enrollment with plan payments.

Ms. Butler pointed out that the problems do not stem from a lack of effort and hard work on the part of MRMIB staff, and noted that MRMIB has lost positions in addition to already having a serious shortage of staff. There appears to be an impaired ability to perform adequate oversight. She noted that MRMIB staff had participated in a lengthy conference call the day before this meeting to discuss SCFHP's concerns. She reiterated SCFHP's support for the Healthy Families Program and noted that she had held off bringing these concerns to the Board for some time in acknowledgment of the problems that can occur during a transition.

Chairman Allenby remarked that the Board and staff are seeing the report for the first time at this meeting. He said the Board will review it and respond. Ms. Cummings added that during the conference call, staff had asked for specifics of the problems identified so they could be researched.

Ms. Michel acknowledged that the rate of incomplete applications had significantly worsened as staff has been reporting since October. A sharp rise in the volume of incomplete applications occurred with implementation of the CHDP gateway on January 1, 2004. Further, due to the loss of application assistance funding, approximately 85% of applications are now being submitted without the benefit of application assistance, which greatly exacerbates the problem. It has been taking as long as two months to get all the information required from applicants.

Ms. Michel pointed out as MRMIB staff has been meeting with Medical-Cal county staff to review "problematic" Medi-Cal cases, she has found that many county staff do not understand how the SPE works and how to read the transmittals that come from SPE. This lack of understanding slows down efficient processing of applications at the county level. She believes this lack of understanding results from staff turnover and the failure to train new staff. MRMIB staff has created charts to assist county staff, has trained county staff on how to read transmittals, and will conduct training at the counties annually, both in northern and southern California. Ms. Michel is going to San Diego the day after this meeting to meet with 200 CAAs.

Mr. Mendoza indicated that he had heard criticisms about the AV performance from an organization in Fresno that does application assistance. He pointed out regardless of what the true problem is, there is not much alternative but to utilize, albeit improve, the system that is already in place with MAXIMUS. Ms. Michel replied that she was aware of the problems reported by the organization in Fresno, but that these occurred at the very beginning of the transition, when applications were actually not being processed from mid-December until the third week of January. The backlog was caught up by the end of March. She talked to the Fresno organization three weeks ago and they are now seeing applications being processed appropriately.

Mr. Mendoza asked if there was a way to get to the bottom of what is really happening. Ms. Michel replied that staff is beginning to see a trend, which points to areas that can be worked on internally. Ms. Cummings added that there are mechanisms to make sure the AV is doing quality work, such as audits. Despite reduced staffing, the transition has been a priority. As has been reported at prior board meetings, MRMIB has audited the vendor's performance in the areas of single point of entry, annual eligibility re-determinations and Healthy Families application processing. MRMIB found that the system itself was working accurately, but that the AV staff needed more training. MAXIMUS has reported to the Board on all the steps they have undertaken to fully train their staff. MRMIB will return to do follow-up audits. She pointed out the discussion today could be dealing with problems that have already been fixed.

Ms. Cummings commented that it was important to keep in mind that the whole environment of HFP application processing had changed radically over the course of the last 1 ½ years for reasons having nothing to do with the administrative vendor transition. The combination of the loss of outreach and application assistance funding along with implementation of the CHDP Gateway has produced a scenario in which the quality and completeness of applications has significantly declined. This means longer processing times and fewer completed applications. The change has been frustrating for HFP subscribers, health plans and the administrative vendor. She also noted that the reduced level of MRMIB staffing had not allowed MRMIB to be as responsive to problems and complaints as MRMIB wants to be.

Ms. Butler opined that the lack of outreach and CAAs is a penny-wise-pound-foolish strategy that has ended up costing more money than it hoped to save. She asked the Board to consider using its clout to change that. Chairman Allenby thanked her for coming forward and told her the Board would revisit the issue on a future agenda.

Cherie Fields, Chief Executive Office for Local Health Plans of California, representing the local health initiatives, began by also extending her appreciation for the service provided by Irma Michel. She went on to note that Ms. Butler was correct in commenting that other plans were experiencing problems under the new administrative vendor. She also wanted to clarify that seven of the eight health plans have never stopped conducting annual enrollment reviews (AERs) as MRMIB staff had stated at a prior meeting. The health plans fought hard to be able to assist with AERs and are still as committed as ever. In working with Ms. Michel and Ms. Sanchez, they have been seeing a trend of applications that take a long time to get processed. They strongly recommend the Board consider Hellan Dowden's proposal to allow a health plan to provide assistance to applicants with incomplete applications when the applicant has selected that plan on the (incomplete) application. Chairman Allenby responded that the Board is aware of Ms. Dowden's proposal and plans to address it.

Hellan Roth Dowden, Co-Manager of Teachers for Healthy Kids, showed the Board outreach materials they are sending to their teachers this year. She acknowledged Kim

Hodges, Leona Butler, and Chad Westover for their assistance. She detailed some of the enrollment activities that will be conducted this fall. She expressed concern that the outreach efforts may result in applications that end up not getting processed. She suggested California follow New York's example by letting health plans assist with applications. She passed on to staff materials she brought describing what New York is doing. She opined that there are things that could be done now without having to wait for a redesign proposal, and stressed the importance of not having applications wait two or three months to get processed. Chairman Allenby said the Board will schedule a discussion of this issue at its next meeting.

Jack Campana suggested that CTA consider making all their members aware of the link between health and learning, and assist with outreach by informing all of its members of HFP. Ms. Dowden replied that they made a proposal to the California Endowment to conduct 12 teacher trainings. She added that during the first survey conducted, only 11% of teachers had heard of HFP, whereas now 63% know about it.

Chairman Allenby asked for further questions or further public comment; there was none. At this time Chairman Allenby referred back to agenda item 5, the California Performance Review.

Advisory Panel Summary

Jack Campana, Chair of the HFP Advisory Panel, reported that the at its last meeting the Panel spent most of its time on three issues: (1) mental health services, particularly for children with serious emotional disturbances (SED), (2) problems with enrollment, particularly that a large number of applications not being processed timely, and (3) recognizing Irma Michel. The Panel provided the Board with a letter in appreciation of Ms. Michel's professionalism, compassion, tireless commitment to children, and all the hard work that went into the AV transition. The Panel has asked Michael Lemberg from MAXIMUS to attend the next Advisory Panel meeting to further discuss enrollment issues.

Chairman Allenby acknowledged and commended Mr. Campana for his willingness to serve another two-year term as the Panel's chair. He asked if there were any questions or public comment; there were none.

Outreach Work Group

Ms. Michel reported that the Outreach Work Group is getting very small and that the last meeting (occurring after the Advisory Panel meeting) was quite short. MRMIB staff will be looking at the membership with an eye to refreshing it. Staff continues to concentrate on providing information to community-based organizations. It is also working with Consumer Union in an effort to have more schools provide outreach. Ms. Michel indicated she would be meeting with 200 CAAs tomorrow in San Diego.

Chairman Allenby asked if there were any questions or public comment; there was none.

AB 495 (Diaz) Update

Ms. Michel reported for Janette Lopez, who was on vacation. She discussed the next steps for the approved SPA for the counties of Santa Clara, San Mateo, Alameda, and San Francisco. The Packard Foundation has graciously offered to provide current year funding for four state positions to finalize the infrastructure to administer the CHIM. The administrative costs will be charged back to the counties beginning with fiscal year 2005/06.

Lesley Cummings and Janette Lopez led a July 29 forum in Burbank to review the steps and timetable for the next group of counties pursuing FFP under AB 495. Ten counties in various stages of developing a "Healthy Kids" program attended. The counties of Santa Cruz, Kern, San Joaquin, San Bernardino, and Los Angeles are most likely to submit applications in the second group. The application and a list of FAQs will be posted on MRMIB's web site (www.mrmib.ca.gov) in September.

At the forum several counties proposed that they be allowed to buy into the state program rather than establish their own AV and health plan contracts. There was much discussion about the many issues that would have to be addressed, most notably the administration of a county-funded program for undocumented children. Chairman Allenby asked if there were any questions or public comment.

Cherie Fields, Chief Executive Officer of Local Health Plans of California, first commended the Packard Foundation for assisting with funding. She expressed concern about California being in danger of losing SCHIP funds. She requested the Board support federal legislation to extend SCHIP funding. Furthermore, she indicated that her plans would like to see legislation implemented that adds parents of children in HFP and Medi-Cal to the target population for CHIM.

Outreach Funding From Anthem-WellPoint Merger

Ms. Cummings said the topic had been placed on the agenda as an informational item. Specifically, as part of the material modification approved by the Department of Managed Health Care permitting a change in the parent company from WellPoint to Anthem, Blue Cross agreed to provide approximately \$5 million annually for three years for HFP/Medi-Cal outreach. The merger has not yet been approved by the Department of Insurance and implementation of the outreach funding is contingent upon merger approval.

Chad Westover from Blue Cross, a subsidiary of WellPoint, noted Blue Cross is happy to support the mission of HFP. Providing assistance with outreach assistance is an opportunity to help the program succeed. Also included in the material modification is

an agreement for Blue Cross to invest \$100 million to ensure a healthy California. On a separate note, he commented that Blue Cross has also experienced the problems with the administrative vendor brought up by Leona Butler and Cherie Fields.

ACCESS FOR INFANTS AND MOTHERS (AIM) UPDATE

Enrollment Report

Mr. Sanchez reported that there are currently 4,847 mothers and 12,358 infants enrolled in the program. He reviewed the enrollment data, including ethnicity, infant gender percentage, and the counties and health plans with the highest percentage of enrollment.

Administrative Vendor Transition Report

Ms. Michel reported that the AV transition successfully took effect on time as scheduled on July 1. Some of the staff, led by Sarah Soto-Taylor, lived in Los Angeles for a couple of weeks, and have returned to conduct audits. Chairman Allenby asked if there were any questions or public comment; there was none.

Quarterly Fiscal Report

Stuart Busby reported that as of June 30, 2004, there were total assets of 17,216,184, total liabilities of \$14,919,669, and a fund balance of \$17,216,184. For the 12 months ending June 30, 2004, total revenues were \$111,821,450, total expenditures were \$110,881,610, with an ending fund balance of \$2,296,515.

MAJOR RISK MEDICAL INSURANCE PROGRAM (MRMIP) UPDATE

Enrollment Report

Mr. Sanchez reported that there are currently 8,999 people enrolled in the program. As of August 1, 2004, there are 55 on the waiting list serving the post-enrollment waiting period. During the past month, no one was disenrolled pursuant to AB 1401. The total number of 36-month disenrollments to-date is 9,844. The program remains open to new subscribers since the current enrollment is below the cap of 10,718.

Quarterly Fiscal Report

Mr. Busby reported that as of June 30, 2004, there were total assets of \$30,402,302, total liabilities of \$10,158,163, and a fund balance of \$30,402,302. For the 12 months ending June 30, 2004, total revenues were \$40,000,094, total expenditures were \$35,143,589, with an ending fund balance of \$20,244,139.

There being no further business to come before the Board, the meeting was adjourned.